1988 Highlights

TRAFFIC	1987	1988	Percent Change
Passengers Enplaned (000)	447,678	454,614	1.5
Domestic Service	416,831	419,210	0.6
International Service	30,847	35,404	14.8
Revenue Passenger Miles (000)	404,471,484	423,301,559	4.7
Available Seat Miles (000)	648,720,938	676,802,327	4.3
Passenger Load Factor (%)	62.3	62.5	
Aircraft Departures	6,581,309	6,699,627	1.8
Cargo Ton Miles (000)	10,016,111	11,469,193	14.5
Freight and Express Ton Miles (000)	8,260,278	9,632,219	16.6
Mail Ton Miles (000)	1,721,263	1,809,959	5.2
Total Revenue Ton Miles (000)	50,468,761	53,799,650	6.6

FINANCIAL	1987	1988	Percent Change
Passenger Revenue ($000)	44,940,391	50,555,591	12.5
Domestic Service ($000)	37,164,983	40,802,708	9.8
International Service ($000)	7,775,408	9,752,882	25.4
Freight and Express Revenues ($000)	6,398,156	8,020,297	25.4
Mail Revenues ($000)	923,022	972,383	5.3
Total Operating Revenues ($000)	56,985,709	64,571,936	13.3
Total Operating Expenses ($000)	54,516,820	61,114,729	12.1
Operating Profit ($000)	2,468,889	3,457,207	40.0
Net Profit ($000)	593,398	1,705,687	187.4
Rate of Return on Investment (%)	7.2	10.9	
Operating Profit Margin (%)	4.3	5.4	
Net Profit Margin (%)	1.0	2.6	

Deregulation Demythologized

1988 marked the 10th year for the airlines operating under deregulation. All the important indicators point to a remarkably successful decade for this bold initiative.

• First and foremost, air safety has improved. There were far fewer accidents and fatalities in the last decade than there were the 10 years before—even with thousands more flights each day.

• Fares, while rising some this year, actually declined in real terms in seven of the last 10 years and have risen half as fast as the Consumer Price Index since 1978.

• Airline service has been greatly expanded through development of hub and spoke operations throughout the nation offering 40% more flights than 10 years ago.

Despite these impressive achievements, deregulation continues to be blamed for every real or imagined air travel problem of the day. Delays and congestion are said to be a product of deregulation. But one need only recall the Conga lines of jets at New York, Washington and Chicago in 1968 to realize that delays and congestion at our airports will soon be entering their fourth decade. The failure of our government leaders to build an airport and air traffic control infrastructure that would keep up to even minimal growth is the real culprit here.

The hub and spoke system has become the target for many complaints, despite the fact that more communities now have more service than ever before.

One often heard hub and spoke/deregulation myth is that there is much more changing of planes than there was in the "good old days". But a recent analysis of hub operations conducted for ATA by Simat, Helliesen and Eichner (SH&E) shows that in 1978 more than one third of airline passengers made connections to another flight. Half of those connections were to another air carrier. Today, the same one third of airline passengers make connections but nearly all are made more conveniently on the same air carrier.

Another myth is that since deregulation airplanes are overworked in serving the airlines' hub and spoke systems. But the facts show that the average number of daily departures per aircraft has *declined* from six in 1978 to five per day in 1988, that average hours of aircraft utilization have remained the same, and that the average passenger trip distance is *longer*.

Finally, it is assumed that "fortress" hubs built through mergers have led to less competition and higher prices in the industry. Again, empirical data tells a different story. In the SH&E study it was found that far more routes are served competitively today and average fares paid at hubs are not significantly affected by the presence of a dominant air carrier. As a matter of fact, fares at single carrier hubs in recent years have shown the same favorable pattern as those at non-hub, or multi-carrier airports.

It's time we all realized that deregulation, while not perfect, is a dramatic success and of true value to the consumer. Given that, maybe we can all begin to work together to tackle the real problem—getting our governments, federal, state and local, motivated to provide the enhanced air traffic control and airport system capacity needed to meet aviation safety and growth requirements in the years ahead. That's the real challenge.

June, 1989

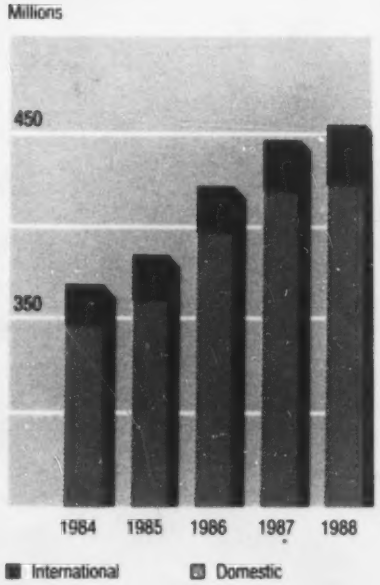
Robert J. Aaronson
President
Air Transport Association

1978-1988 Summary
U.S. Scheduled Airlines

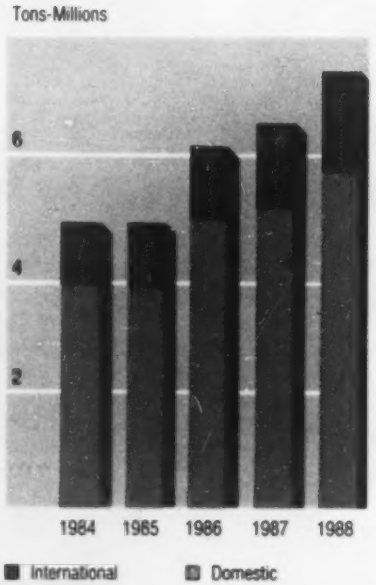
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Traffic—Scheduled Service											
Revenue passengers enplaned (000)	274,719	316,683	296,903	285,976	294,102	318,638	344,683	382,022	418,946	447,678	454,614
Revenue passenger miles (000)	226,781,368	262,023,375	255,192,114	248,887,801	259,643,870	281,829,148	305,115,855	336,403,021	366,545,855	404,471,484	423,301,550
Available seat miles (000)	368,750,530	416,126,429	432,535,103	424,897,230	440,119,206	464,537,979	515,323,339	547,788,432	607,435,847	648,720,938	676,802,327
Revenue passenger load factor (%)	61.5	63.0	59.0	58.6	59.0	60.7	59.2	61.4	60.3	62.3	62.5
Average passenger trip length (miles)	826	827	860	870	883	884	885	881	875	903	931
Freight and express ton miles (000)	5,819,708	5,963,925	5,741,567	5,686,087	5,482,198	6,092,932	6,566,571	6,030,543	7,344,054	8,260,278	9,632,219
Aircraft departures	5,013,169	5,399,652	5,352,927	5,211,867	4,963,794	5,033,906	5,448,150	5,835,474	6,426,970	6,581,309	6,699,627
Financial											
Passenger revenue ($000)	18,806,247	22,791,390	28,048,689	30,722,629	30,549,719	32,744,618	36,939,345	39,235,809	40,056,093	44,940,391	50,555,591
Freight and express revenue ($000)	1,986,820	2,211,321	2,431,926	2,596,850	2,437,703	2,592,567	2,859,419	2,680,715	5,627,996	6,398,156	8,020,297
Mail revenue ($000)	386,639	452,021	610,996	653,996	688,675	653,129	712,070	889,575	838,278	923,022	972,838
Charter revenue ($000)	578,285	520,916	1,160,524	1,175,154	1,085,537	1,075,428	1,112,050	1,279,812	1,268,899	1,611,673	1,642,106
Total operating revenue ($000)	22,883,955	27,226,665	33,727,806	36,662,555	36,407,635	38,953,672	43,825,047	46,664,414	50,524,933	56,985,709	64,571,936
Total operating expense ($000)	21,519,092	27,027,610	33,949,421	37,117,325	37,141,070	38,643,262	41,673,536	45,238,150	49,201,832	54,516,820	61,114,729
Operating profit ($000)	1,364,863	199,055	(221,615)	(454,770)	(733,435)	310,410	2,151,511	1,426,264	1,323,101	2,468,889	3,457,207
Interest expense ($000)	538,642	618,446	967,719	1,209,461	1,384,084	1,482,352	1,540,377	1,588,306	1,692,548	1,695,388	1,859,117
Net profit ($000)	1,196,537	346,845	17,414	(300,826)	(915,814)	(188,051)	824,668	862,715	(234,909)	593,398	1,705,687
Revenue per assenger mile (¢)	8.3	8.7	11.0	12.3	11.8	11.6	12.1	11.7	10.9	11.1	11.9
Rate of return on investment (%)	13.3	6.5	5.3	4.7	2.1	6.0	9.9	9.6	4.9	7.2	10.9
Operating profit margin (%)	6.0	0.7	(0.7)	(1.2)	(2.0)	0.8	4.9	3.1	2.6	4.3	5.4
Net profit margin (%)	5.2	1.3	0.1	(0.8)	(2.5)	(0.5)	1.9	1.8	(0.5)	1.0	2.6
Employees	329,303	340,696	360,517	349,864	330,495	328,648	345,079	355,113	421,686	457,349	490,553

Note: Federal Express began reporting as a Section 401 carrier in 1986 and is included in 1986 and later years.

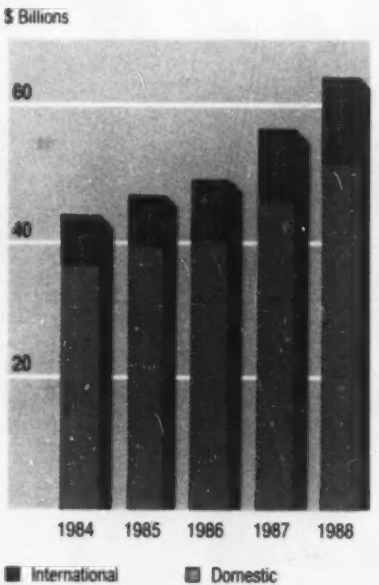
Passengers



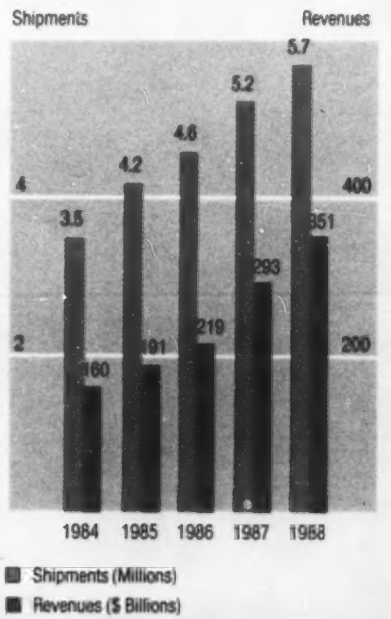
Cargo



Revenues



Express Package



Top 30 Domestic Airline Markets*

Passengers—Outbound plus Inbound
(Twelve Months Ended September, 1988)

1	New York	Boston	3,300,400	16	Honolulu	Lihue, Kauai	1,272,020
2	New York	Los Angeles	3,044,050	17	New York	West Palm Beach	1,241,600
3	New York	Washington	2,970,670	18	Chicago	Los Angeles	1,158,500
4	New York	Chicago	2,789,550	19	Boston	Washington	1,109,500
5	New York	Miami	2,169,240	20	Los Angeles	Las Vegas	1,109,190
6	Los Angeles	San Francisco	2,036,190	21	New York	Dallas/Ft. Worth	1,080,470
7	Dallas/Ft. Worth	Houston	1,984,280	22	San Francisco	San Diego	1,037,380
8	New York	San Francisco	1,933,930	23	New York	Tampa	1,009,060
9	New York	Ft. Lauderdale	1,860,130	24	Los Angeles	San Jose	975,960
10	New York	Orlando	1,677,770	25	Chicago	Minneapolis	971,380
11	Honolulu	Kahului, Maui	1,545,090	26	New York	Detroit	939,490
12	Los Angeles	Honolulu	1,420,840	27	Chicago	St. Louis	868,710
13	Chicago	Detroit	1,347,390	28	New York	Buffalo	858,210
14	New York	Atlanta	1,339,340	29	New York	Pittsburgh	842,450
15	Los Angeles	Phoenix	1,288,790	30	Chicago	Washington	838,640

*Includes all commercial airports in a metropolitan area. Does not include connecting passengers.

Leading U.S. Airports—1988

Passengers (Arriving & Departing)

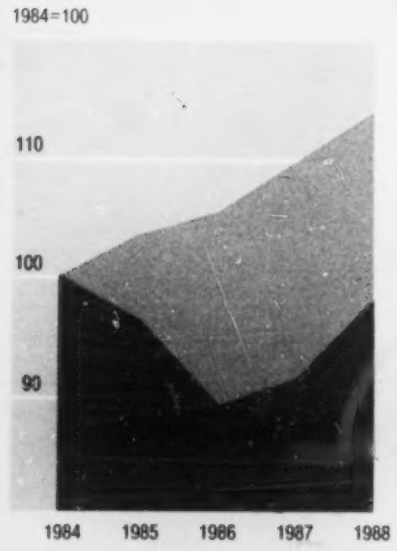
Chicago O'Hare	56,678,991	Newark	22,495,568
Atlanta	45,900,098	St. Louis	20,170,060
Los Angeles	44,398,611	Honolulu	20,155,834
Dallas/Ft. Worth	44,271,038	Detroit	19,780,029
New York (JFK)	31,165,676	Pittsburgh	17,987,040
San Francisco	30,506,794	Minneapolis/St. Paul	17,733,837
Denver	30,011,802	Orlando	16,354,215
Miami	24,525,302	Phoenix	15,924,698
New York (LGA)	24,158,780	Washington (DCA)	15,750,993
Boston	23,732,959	Philadelphia	15,639,558

Cargo Tons (Enplaned & Deplaned)

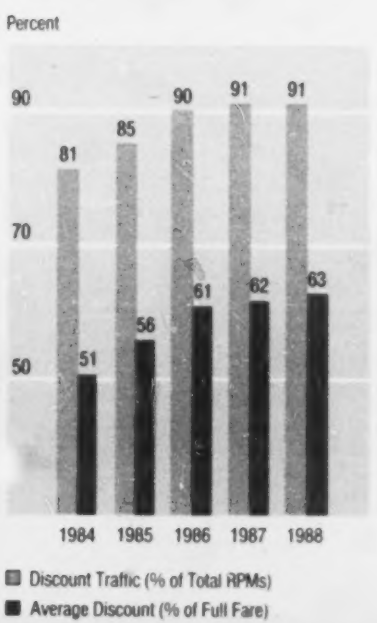
New York (JFK)	1,299,104	Atlanta	598,365
Los Angeles	1,099,522	San Francisco	575,249
Chicago O'Hare	906,928	Dayton	500,031
Miami	740,280	Newark	454,681
Louisville	701,502	Boston	355,201

Source: Airport Operators Council International

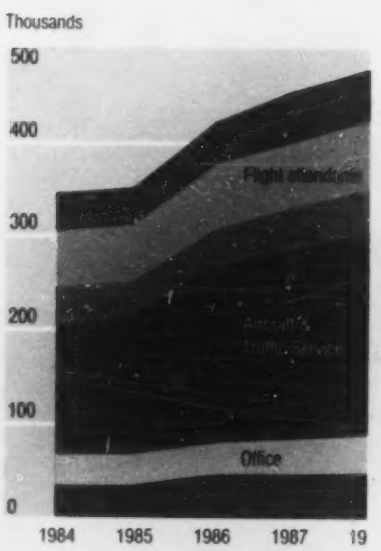
Fares vs. Consumer Prices



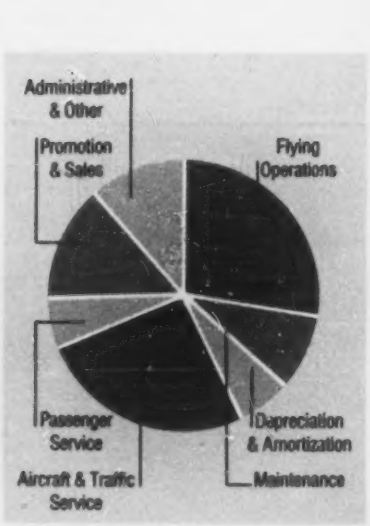
Discount Traffic



Employees



Expenses



ATA Airline Statistics—1988

	Number of Aircraft	Employees	Aircraft Departures	Passengers (000)	Revenue Passenger Miles (000)	Passenger Revenues ($000)	Cargo Revenues ($000)	Total Operating Revenues ($000)	Operating Profit/ (Loss) ($000)	Net Profit/ (Loss) ($000)
Alaska	50	4,475	97,611	4,772	3,559,508	611,445	55,516	708,856	61,946	37,600
Aloha	13	1,117	56,858	3,426	450,472	101,551	17,546	134,213	10,172	8,938
American	468	65,340	763,624	64,296	64,752,866	7,553,296	287,803	8,550,586	800,995	449,445
Braniff	54	2,537	51,453	4,322	4,047,099	369,552	6,506	414,733	(13,082)	(19,812)
Continental	334	30,217	521,037	37,636	40,498,243	4,074,315	207,967	4,553,349	83,462	(315,520)
Delta	390	56,901	802,190	59,969	51,652,125	6,839,290	368,497	7,393,275	524,637	344,523
DHL	20	NA	NA	NA	NA	NA	NA	NA	NA	NA
Eastern	255	32,542	449,730	35,621	28,793,436	3,481,832	131,992	3,888,121	(209,437)	(335,351)
Evergreen*	28	689	39,276	–	–	–	94,883	208,909	44,278	19,632
Federal Express	247	53,055	176,859	–	–	–	4,191,812	4,301,551	421,358	210,107
Flying Tigers	40	6,287	26,506	–	–	–	1,066,143	1,294,894	146,966	74,406
Hawaiian	31	2,655	83,174	5,497	3,008,063	266,682	18,016	353,445	(4,754)	(8,484)
Midway	42	3,559	78,047	4,258	2,990,582	367,727	4,945	388,002	13,493	6,545
Northwest	321	34,973	487,987	35,784	40,148,340	4,815,771	590,121	5,587,783	195,638	162,789
Pan American	158	22,826	162,375	16,755	29,308,089	3,069,766	234,583	3,592,617	(105,293)	(118,254)
Piedmont	195	19,913	484,929	27,117	13,051,317	2,259,185	62,706	2,363,178	282,696	159,440
Southwest	85	6,467	274,733	16,842	7,711,064	828,344	14,432	860,447	86,079	57,400
Trans World	214	30,518	320,715	25,124	34,699,818	3,700,454	231,585	4,364,332	259,419	249,743
United	405	60,139	625,931	56,326	69,024,633	7,650,565	509,623	8,796,352	628,318	589,236
United Parcel Service	105	1,854	61,148	–	–	–	575,946	582,156	50,354	49,119
USAir	226	21,581	520,995	32,466	17,315,319	2,654,485	63,689	2,802,994	143,723	76,169
Air Canada**	114	22,600	164,142	11,900	15,553,000	2,596,000	503,000	3,426,000	125,000	96,000
Canadian**	85	13,985	167,832	8,808	11,181,095	1,597,818	189,134	2,125,743	77,800	30,300

*Includes non-scheduled service **Associate Members NA = Not Available

Safety

U.S. Air Carriers
Scheduled Service

	Departures (Millions)	Fatal Accidents	Fatalities	Fatal Accidents Per 100,000 Departures
1978	5.0	5	160	0.100
1979	5.4	4	351	0.074
1980	5.4	0	0	0.000
1981	5.2	4	4	0.077
1982	5.0	4	233	0.060
1983	5.0	4	15	0.079
1984	5.4	1	4	0.018
1985	5.8	4	197	0.069
1986	6.4	2	1	0.031
1987	6.6	4*	231	0.046*
1988	6.7	3*	285	0.030*

*Sabotage caused accidents are included in the Accidents but not in the Accident rates.

Source: National Transportation Safety Board

Intercity Passenger Travel in the United States

(Passenger Miles in millions)

	1978	1987	1988
Common Carriers			
Airlines	182,677	329,100	335,800
Amtrak	10,222	5,300	5,800
Motor Buses	25,100	23,000	23,000e
Total	217,999	357,400	364,600
Air Share (%)	83.8	92.1	92.1
Private			
Automobiles	1,162,000 e	1,520,000	1,588,000
Total Common Carrier and Auto	1,379,999	1,877,400	1,952,600
Common Carrier Share (%)	15.8	19.0	18.7
Air Share (%)	13.2	17.5	17.2

e = Estimate

Source: Transportation Policy Associates

Aircraft On Order—ATA Airlines

As of December 31, 1988

Aircraft Type	Number on Order		Firm Order Delivery Dates		
	Firm	Options	1989	1990	1991 & Beyond
Airbus					
A300	12		12		
A310	2	2		2	
A320	126	162	16	22	88
A330		10			
A340		20			
Boeing					
B-737	163	96	61	67	35
B-747	28	4	10	9	9
B-757	118	160	27	55	36
B-767	19	55	2	13	4
McDonnell Douglas					
MD-80	161	202	57	57	47
MD-11	13	38		2	11
Fokker					
100	32	26	9	22	1
Totals	**674**	**775**	**194**	**249**	**231**

The value of firm aircraft orders was $24.7 billion.

Air Carrier and General Aviation Fleets

	1978	1987	1988
U.S. Air Carriers*			
Total Aircraft	2,266	4,326	5,022
Turbojet	2,128	2,973	3,479
Turboprop	114	1,035	1,239
Piston	21	312	296
Rotocraft	3	6	8
General Aviation			
Total Aircraft	198,776	220,100	217,200e
Turbojet	2,480	4,500	4,400
Turboprop	3,130	6,000	5,300
Piston	183,823	195,700	194,400
Rotocraft	5,315	6,900	6,300
Other	4,028	7,000	6,800

* Includes scheduled, supplemental, commuter, air taxi and cargo carriers.
e = Estimate
Source: Federal Aviation Administration

Operating Fleet—ATA Airlines

As of Dec. 31, 1988

	ALASKA	ALOHA	AMERICAN	BRANIFF	CONTINENTAL	DELTA	DHL	EASTERN	EVERGREEN	FEDERAL EXPRESS	FLYING TIGERS	HAWAIIAN	MIDWAY	NORTHWEST	PAN AMERICAN	PIEDMONT	SOUTHWEST	TWA	UNITED	UNITED PARCEL SERVICE	USAIR	AIR CANADA	CANADIAN	TOTAL
B-747			2		8				2		22			40	35			19	31	6		6		171
DC-10			**61**		**15**	**3**		**2**		**24**				**20**	**10**				**55**				**12**	**202**
L-1011						39		19				5						33				14		110
B-767			**45**			**30**										**6**		**11**	**19**			**19**	**6**	**136**
A300			13		12			20							12									57
A310															**19**									**19**
DC-8						5			5		6	6							29	37		6		94
B-757						**42**		**25**						**33**						**15**				**115**
B-727	25		164	25	96	130	8	110	13	85	12			71	69	34		72	148	36	10	33		1141
DC-9/MD80	**18**		**153**		**106**	**67**		**79**	**8**			**12**	**29**	**147**				**79**			**105**	**36**		**839**
B-737	7	13	24	11	97	74							13		5	110	85		123		79		65	706
BAC 1-11				**18**																	**11**			**29**
CV 580														10										10
BAe 146			**6**																		**21**			**27**
F-28																45								45
DHC-7												**8**												**8**
CESSNA 208										133														133
OTHER							**12**			**5**					**8**					**11**			**2**	**38**
TOTALS	**50**	**13**	**468**	**54**	**334**	**390**	**20**	**255**	**28**	**247**	**40**	**31**	**42**	**321**	**158**	**195**	**85**	**214**	**405**	**105**	**226**	**114**	**85**	**3880**

Top 30 Airlines in 1988 *

	Passengers (000)		Revenue Passenger Miles (000)		Freight Ton Miles (000)		Total Operating Revenues (000)
1	American 64,296	1	United 69,024,633	1	Flying Tiger 2,792,107	1	United 8,796,352
2	Delta 59,969	2	American 64,752,866	2	Northwest 1,476,061	2	American 8,550,586
3	United 56,326	3	Delta 51,652,125	3	Federal Express 1,228,207	3	Delta 7,393,275
4	Continental 37,636	4	Continental 40,498,243	4	United 942,167	4	Northwest 5,587,783
5	Northwest 35,784	5	Northwest 40,148,340	5	Pan American 714,534	5	Continental 4,553,349
6	Eastern 35,621	6	Trans World 34,699,818	6	American 489,755	6	Trans World 4,364,332
7	USAir 32,466	7	Pan American 29,308,089	7	Continental 487,782	7	Federal Express 4,301,551
8	Piedmont 27,117	8	Eastern 28,793,436	8	Delta 476,429	8	Eastern 3,888,121
9	Trans World 25,124	9	USAir 17,315,319	9	Trans World 447,027	9	Pan American 3,592,617
10	Southwest 16,842	10	Piedmont 13,051,317	10	Eastern 164,484	10	USAir 2,802,994
11	Pan American 16,755	11	Southwest 7,711,064	11	Challenge Air Cargo 74,196	11	Piedmont 2,363,178
12	America West 12,651	12	America West 6,949,731	12	Piedmont 67,519	12	Flying Tiger 1,294,894
13	Hawaiian 5,497	13	Braniff 4,047,099	13	Zantop 62,909	13	Southwest 860,447
14	Alaska 4,772	14	Alaska 3,559,508	14	Rosenbalm 51,563	14	America West 781,460
15	Braniff 4,322	15	Hawaiian 3,008,063	15	Alaska 40,605	15	Alaska 708,856
16	Midway 4,258	16	Midway 2,990,582	16	USAir 22,329	16	United Parcel Service 582,158

17	Aloha	3,426
18	Air Wisconsin	2,420
19	PSA	2,365
20	Horizon Air	1,397
21	Westair	1,218
22	Florida Express	1,166
23	Aspen	878
24	Presidential	844
25	Midwest Express	402
26	Markair	357
27	Air America	303
28	Tower	246
29	Sunworld	53
30	American Trans Air	40

17	Tower	1,154,288
18	PSA	915,641
19	Air America	696,530
20	Florida Express	564,218
21	Aloha	450,472
22	Air Wisconsin	421,328
23	Presidential	325,654
24	Horizon Air	285,176
25	Midwest Express	261,098
26	Westair	231,273
27	Aspen	157,716
28	Markair	148,137
29	MGM Grand Air	66,916
30	Sunworld	41,778

17	Arrow	19,081
18	America West	16,500
19	Braniff	13,902
20	Markair	11,664
21	Hawaiian	9,217
22	Aloha	7,761
23	Northern Air	7,693
24	Southwest	2,154
25	PSA	1,852
26	Aerial	1,501
27	Reeve	1,378
28	Horizon Air	591
29	Midwest Express	564
30	Aspen	212

17	Braniff	414,733
18	Midway	388,002
19	Hawaiian	353,445
20	PSA	333,089
21	American Trans Air	253,941
22	Evergreen	208,909
23	Air Wisconsin	184,566
24	Southern Air	140,816
25	Aloha	134,213
26	Tower	132,821
27	World	126,588
28	Horizon Air	113,385
29	Markair	99,118
30	Zantop	89,959

*Carriers certificated under Section 401, Federal Aviation Act

Employment

U.S. Scheduled Airlines

	1978	1987	1988
Pilots and Copilots	28,336	41,963	43,795
Other Flight Personnel	7,432	8,541	7,807
Flight Attendants	48,353	72,697	76,297
Mechanics	44,467	51,233	55,001
Aircraft and Traffic Service Personnel	96,428	198,892	211,795
Office Employees	66,679	40,690	40,611
All Other	37,608	43,333	45,247
Total Employment	329,303	457,349	480,553

Passenger Yield

Revenue per Passenger Mile (¢)

	1978	1987	1988
Domestic			
First Class	12.0	15.8	17.7
Coach	7.8	11.1	11.9
Total	8.5	11.4	12.3
International			
First Class	13.6	18.4	19.2
Coach	7.1	9.4	10.0
Total	7.5	9.9	10.4
Total	8.3	11.1	11.9

Freight and Express Yield

Revenue per Freight & Express Ton Mile (¢)

	1978*	1987	1988
Domestic	38.7	112.9	114.8
International	29.4	41.8	41.3
Total	35.0	79.3	78.6

*Does not include Federal Express

Traffic and Operations Data

U.S. Scheduled Airlines

	1987			1988		
	Domestic	International	Total	Domestic	International	Total
Passenger Traffic—Scheduled Service						
Revenue Passengers Enplaned (000)	416,831	30,847	447,678	419,210	35,404	454,614
Revenue Passenger Miles (000)	324,637,336	79,834,148	404,471,484	329,309,489	93,992,070	423,301,559
Available Seat Miles (000)	526,958,361	121,762,577	648,720,938	536,662,590	140,139,737	676,802,327
Revenue Passenger Load Factor (%)	61.6	65.6	62.3	61.4	67.1	62.5
Average Length of Haul (Miles)	779	2,588	903	786	2,655	931
Cargo Traffic (Ton Miles)—Scheduled Service						
Total (000)	5,652,673	4,363,438	10,016,111	6,210,052	5,259,141	11,469,193
Freight and Express (000)	4,339,534	3,920,744	8,260,278	4,842,997	4,789,222	9,632,219
U.S. Mail (000)	1,312,572	408,691	1,721,263	1,366,521	443,438	1,809,959
Foreign Mail (000)	567	34,003	34,570	534	26,481	27,015
Overall Traffic and Operations Data						
Total revenue ton miles—Charter service (000)	2,388,125	2,060,746	4,448,871	2,421,197	2,117,833	4,539,030
Total revenue ton miles—All services (000)	40,509,782	14,407,850	54,917,632	41,562,502	16,776,178	58,338,680
Total Available ton miles—All services (000)	75,741,397	23,411,398	99,152,795	78,203,055	27,067,741	105,270,796
Ton mile load factor—All services (%)	53.5	61.5	55.4	53.1	62.0	55.4
Revenue Aircraft Departures—Scheduled services	6,316,600	264,709	6,581,309	6,398,041	301,586	6,699,627
Revenue Aircraft Miles—Scheduled services (000)	3,529,048	459,057	3,988,105	3,603,017	537,894	4,140,911
Revenue Aircraft Hours—Scheduled services	8,538,955	929,112	9,468,067	8,801,744	1,091,564	9,893,308

Income Statement ($000)

U.S. Scheduled Airlines

	1987			1988		
	Domestic	International	Total	Domestic	International	Total
Operating Revenues						
Passenger	37,164,983	7,775,408	44,940,391	40,802,708	9,752,882	50,555,591
Freight and Express	4,818,195	1,579,961	6,398,156	6,077,848	1,942,448	8,020,297
U.S. Mail	742,981	180,041	923,022	789,068	183,771	972,838
Foreign Mail	0	324,788	324,788	0	533,362	533,362
Charter	964,813	646,860	1,611,673	808,313	833,795	1,642,108
Public Service Revenue	2,268	0	2,268	3,289	0	3,289
Other	2,532,164	253,246	2,785,410	2,662,186	182,265	2,844,451
Total Operating Revenues	46,225,405	10,760,304	56,985,709	51,143,413	13,428,523	64,571,936
Operating Expenses						
Flying Operations	12,721,288	2,783,782	15,505,070	13,465,836	3,267,742	16,733,578
Maintenance	5,069,718	1,068,500	6,138,218	5,914,773	1,336,955	7,251,728
Passenger Service	4,165,071	1,057,934	5,223,005	4,472,152	1,282,664	5,754,816
Aircraft & Traffic Servicing	8,594,740	1,746,306	10,341,046	9,629,607	2,181,688	11,811,295
Promotion and Sales	7,402,606	2,091,167	9,493,773	8,280,697	2,748,850	11,029,547
Administrative	2,713,144	540,128	3,253,272	2,869,456	705,301	3,574,757
Transport Related	893,346	254,102	1,147,448	961,930	302,614	1,264,544
Depreciation and Amortization	2,884,702	530,286	3,414,988	3,070,620	623,845	3,694,464
Total Operating Expenses	44,444,615	10,072,205	54,516,820	48,665,071	12,449,658	61,114,729
Operating Income or (Loss)	1,780,789	688,099	2,468,889	2,478,342	978,865	3,457,207
Other Income or (Expense)						
Interest Expense	(1,358,970)	(336,418)	(1,695,388)	(1,455,478)	(403,639)	(1,859,117)
Income Taxes	(688,960)	(123,436)	(812,396)	(1,143,417)	(220,240)	(1,363,656)
Other	520,281	112,013	632,294	1,119,554	351,699	1,471,253
Net Profit or (Loss)	253,140	340,258	593,398	999,002	706,685	1,705,687
Operating Profit Margin (%)	3.9	6.4	4.3	4.8	7.3	5.4
Net Profit Margin (%)	0.5	3.2	1.0	2.0	5.3	2.6

Balance Sheet ($000)

U.S. Scheduled Airlines

	1987	1988
Assets		
Current Assets	13,827,523	14,723,781
Investments and special funds	2,056,565	2,711,928
Flight equipment owned	33,370,149	34,895,733
Ground equipment & property	10,794,161	11,635,798
Reserve for depreciation (Owned)	(16,129,269)	(17,547,029)
Leased equipment & property capitalized	6,787,063	6,815,811
Reserve for depreciation (Leased)	(1,904,314)	(2,097,628)
Other property	1,494,468	2,229,774
Deferred charges	3,601,917	3,547,008
Total assets	53,898,264	56,915,176
Liabilities		
Current liabilities	15,986,437	19,736,492
Long-term debt	12,317,408	10,383,221
Other non-current	6,839,342	6,848,737
Deferred credit	3,964,389	5,014,886
Stockholders' equity—net of Treasury Stock	14,790,688	14,931,840
Preferred stock	343,096	131,862
Common stock	426,764	315,184
Other paid-in capital	10,628,060	8,987,747
Retained earnings	3,416,836	5,573,365
Less: Treasury Stock	24,067	76,318
Total liabilities and stockholders' equity	53,898,264	56,915,176

U.S. Scheduled Airlines

Data for the following 77 carriers are included herein.

Majors
(Annual revenues of over $1 billion)

American
Continental
Delta
Eastern
Federal Express
Flying Tiger
Northwest
Pan American
Piedmont
Trans World
United
USAir
Western

Nationals
(Annual revenues of $100 million to $1 billion)

Air Wisconsin
AirCal
Alaska
Aloha
America West
American Trans Air
Braniff
Hawaiian
Jet America
Midway
Pacific Southwest
Southwest
United Parcel Service
World
Zantop

Regionals

Aerial
Aeron
Air America
Air Transport International
Amerijet
Arrow
Aspen
Britt
Buffalo
Challenge Air Cargo
Challenge Air International
Conner
Emerald
Evergreen
Express One
Five Star
Florida Express
Florida West
Galaxy
Great American
Gulf Air Transport
Horizon Air
Independent Air
International Air Service
InterState
Jet Fleet
Key
Markair
MGM Grand Air
Mid Pacific
Midwest Express
Million
Northern Air
Orion
Pacific Interstate
Presidential
Reeve
Rich
Rosenbalm
Sky World
Southern Air
Sun Coast
Sun Country
Sunworld
Tower
Trans Air Link
Trans International
TranStar
West Air

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Braniff

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Continental Airlines

Ronald W. Allen
Delta Air Lines

Patrick Foley
DHL Airways

Philip J. Bakes
Eastern Air Lines

Delford M. Smith
Evergreen Int'l Airlines

Frederick W. Smith
Federal Express

James A. Cronin
The Flying Tiger Line

John Magoon, Jr.
Hawaiian Airlines

David R. Hinson
Midway Airlines

Steve G. Rothmeier
Northwest Airlines

Thomas G. Plaskett
Pan American World Airways

Thomas E. Schick
Piedmont Airlines

Herbert D. Kelleher
Southwest Airlines

Jerry Nichols
Trans World Airlines

Stephen M. Wolf
United Airlines

John W. Rogers
United Parcel Service

Edwin I. Colodny
USAir

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Seattle-Tacoma Int'l Airport
Seattle, Washington 98168-0900
(206) 433-3200

Aloha Airlines
P.O. Box 30028
Honolulu, Hawaii 96820-0028
(808) 836-4101

American Airlines
P.O. Box 619616
DFW Airport, Texas 75261-9616
(817) 355-1234

Braniff
P.O. Box 628099
Orlando, Florida 32862-8099
(214) 358-6011

Continental Airlines
P.O. Box 4607
Houston, Texas 77210-4607
(713) 630-5000

Delta Air Lines
Hartsfield Atlanta
International Airport
Atlanta, Georgia 30320-9998
(404) 765-2600

DHL Airways
333 Twin Dolphin Dr.
Redwood City, California 94065-1515
(415) 593-7474

Eastern Air Lines
Miami International Airport
Miami, Florida 33148-0001
(305) 873-2211

Evergreen International
Airlines
3850 Three Mile Lane
McMinnville, Oregon 97128-9408
(503) 472-0011

Federal Express
Box 727
Memphis, Tennessee 38194-0001
(901) 369-3600

The Flying Tiger Line
P.O. Box 92935
Los Angeles, California 90045-5830
(213) 646-6161

Hawaiian Airlines
P.O. Box 30008
Honolulu International Airport
Honolulu, Hawaii 96820-0008
(808) 525-5511

Midway Airlines
5959 South Cicero Avenue
Chicago, Illinois 60638-3821
(312) 838-0001

Northwest Airlines
Minneapolis-St. Paul Int'l Airport
St. Paul, Minnesota 55111-3075
(612) 726-2111

Pan American World Airways
Pan Am Building
New York, New York 10166-0001
(212) 880-1234

Piedmont Airlines
One Piedmont Plaza
Winston-Salem
North Carolina 27156-1000
(919) 770-8000

Southwest Airlines
8008 Aviation Place
Dallas, Texas 75235-1625
(214) 902-1100

Trans World Airlines
100 South Bedford Road
Mt. Kisco, New York 10549
(212) 692-3000

United Airlines
P.O. Box 66100
Chicago, Illinois 60666-0100
(312) 952-4000

United Parcel Service
51 Weaver St.
Greenwich, Connecticut 06830-3160
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2345 Crystal Drive
Arlington, Virginia 22227
(703) 418-7000

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Senior Vice President,
Technical Services

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General Counsel

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Vice President,
Government Affairs

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International Affairs

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Treasurer

Definition of Terms

U.S. Scheduled Airlines. Carriers certificated by the Federal government under Section 401 of the Federal Aviation Act permitting the operation of large aircraft.

Revenue Passenger Mile. One fare-paying passenger transported one mile.

Available Seat Mile. One seat transported one mile.

Revenue Passenger Enplanements. The total number of revenue passengers boarding aircraft in scheduled service, including originating, stopover or connecting passengers.

Load Factor. The percentage of seating or freight capacity which is utilized.

Revenue Ton Mile. One ton of revenue traffic (passengers and cargo) transported one mile.

Available Ton Mile. One ton of capacity (passengers and cargo) transported one mile.

Air Cargo. Total volume of freight, mail and express traffic transported by air. Statistics include the following:

Freight and Express—Commodities of all kinds—includes small package counter services, express services and priority reserved freight.

U.S. Mail—All classes of mail transported for the U.S. Postal Service.

Net Profit Margin. Net profit after interest and after taxes as percent of operating revenues.

Operating Profit Margin. Operating profit (operating revenues minus operating expenses) as percent of operating revenues.